

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUDAPE 02242 050847Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 ICA-11 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03
H-01 PA-01 CIAE-00 COME-00 EA-10 FRB-03 INR-10
NEA-11 NSAE-00 OPIC-03 LAB-04 SIL-01 AGRE-00 /128 W
-----073684 050852Z /15

R 021443Z JUN 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1632
INFO USMISSION GENEVA
AMEMBASSY BRUSSELS
RUDKAR /AMEMBASSY BUCHAREST 2877
AMEMBASSY PRAGUE
AMEMBASSY WARSAW
AMEMBASSY SOFIA

LIMITED OFFICIAL USE BUDAPEST 2242

USEC

GENEVA ALSO FOR USDEL MTN

E.O.11652: N/A
TAGS: EEWT, EEC, EIND, ETRD, HU
SUBJECT: EC STEEL AGREEMENTS WITH EASTERN EUROPE

REF: A) BUDAPEST 2162, B) STATE 130051

1. REFTEL A PROVIDED PUBLISHED DETAILS OF HUNGARIAN-EC
STEEL AGREEMENT. EMBASSY HAS NOW OBTAINED FROM EC-COUNTRY
DIPLOMAT COPY OF EXCHANGE OF LETTERS CONSTITUTING AGREEMENT
(WITHOUT, UNFORTUNATELY, FOUR ANNEXES WHICH CONTAIN MUCH
OF TECHNICAL DETAIL OF AGREEMENT), AND HAS DISCUSSED AGREE-
MENT WITH MINISTRY OF FOREIGN TRADE DEPUTY DIRECTOR OF
DEPARTMENT FOR DEVELOPED NON-SOCIALIST COUNTRIES MELEGER.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUDAPE 02242 050847Z

COPIES OF AGREEMENT BEING POUCHED TO ALL ADDRESSEE POSTS.

2. AGREEMENT SPECIFIES THAT "THE DELIVERED PRICES CHARGED
BY HUNGARIAN IRON AND STEEL FIRMS FOR EXPORTS OF THEIR
IRON AND STEEL ECSC PRODUCTS TO THE COMMUNITY SHALL NOT
BE MORE THAN 6 PER CENT IN RESPECT OF ORDINARY STEELS
(TARIFF HEADINGS 73.01, 73.01, 73.06, 73.07, 73.08, 73.09,

73.10, 73.11, 73.12, 73.13, 73.16) AND 4 PER CENT IN RESPECT OF HIGH GRADE AND SPECIAL STEELS (TARIFF HEADINGS 73.15 ALLOY STEEL AND HIGH CARBON STEEL IN THE FORMS MENTIONED IN HEADINGS 73.06 TO 73.14) BELOW THE DELIVERED PRICES RESULTING FROM THE PRICE LISTS OF COMMUNITY PRODUCERS." METHOD OF CALCULATING DELIVERED PRICE IS SPECIFIED IN ONE OF ANNEXES TO AGREEMENT; MELEGER EXPLAINED THAT DELIVERED PRICE IS LIST PRICE OF ANY COMMUNITY PRODUCER PLUS IMPUTED SHIPPING COSTS FROM THAT PRODUCER TO CUSTOMER.

3. QUOTAS SPECIFIED IN AN ANNEX RATHER THAN IN AGREEMENT, BUT MELEGER CONFIRMED THAT GLOBAL QUOTA IN THE TARIFF CATEGORIES SPECIFIED ABOVE IS 342,000 TONS. HE STATED THAT THIS QUOTA IS BROKEN DOWN INTO COUNTRY QUOTAS, AND THAT THERE ARE ALSO CEILINGS OF SOME SPECIFIC PRODUCTS. QUOTAS ARE BASED ON, AND APPROXIMATELY EQUAL TO, 1976 SHIPMENTS; 1976 WAS USED AS A BASE YEAR BECAUSE 1977 STATISTICS WERE NOT AVAILABLE AT THE TIME OF NEGOTIATING. ACTUAL 1977 SHIPMENTS, MELEGER THOUGHT, WERE PROBABLY SOMEWHAT HIGHER THAN 342,000 TONS. MELEGER COMMENTED THAT LEVEL OF 1976 SHIPMENTS WAS DETERMINED BY QUOTAS OF INDIVIDUAL EC MEMBER COUNTRIES, INDICATING THAT EC DOES NOT HAVE A TRULY COMMON STEEL POLICY.

4. AGREEMENT COVERS ONLY 1978. MELEGER SAID THAT HE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUDAPE 02242 050847Z

EXPECTS EC WILL INSIST ON SIMILAR AGREEMENTS IN 1979 AND FOR AT LEAST A FEW YEARS THEREAFTER. HE HOPED THAT QUOTAS WOULD BE HIGHER IN FUTURE YEARS, BUT HUNGARY HAS RECEIVED NO ASSURANCES TO THIS EFFECT.

5. ALTHOUGH GOH OBJECTS IN PRINCIPLE TO PROTECTIONIST MEASURES SUCH AS EC STEEL POLICY, MELEGER INDICATED THAT THERE WERE FAVORABLE ASPECTS OF BILATERAL AGREEMENT. THE AGREEMENT IS NONDISCRIMINATORY IN THE SENSE THAT ALL COUNTRIES SELLING SIMILAR PRODUCTS TO THE EC ARE BEING FORCED TO SIGN ESSENTIALLY IDENTICAL AGREEMENTS. FURTHER, AGREEMENT ESTABLISHES HIGHER QUOTA LIMITS THAN HUNGARY HAD PREVIOUSLY ENJOYED. MELEGER EXPLAINED THAT, IN ADDITION TO LONG-STANDING STEEL QUOTAS SET BY EACH EC COUNTRY, HUNGARY HAD IN RECENT YEARS BEEN ABLE TO OBTAIN ON AN AD HOC BASIS ADDITIONAL IMPORT PERMITS, SO THAT SHIPMENTS HAVE BEEN SIGNIFICANTLY HIGHER THAN QUOTA LEVELS. PRIOR TO THIS AGREEMENT, HUNGARY HAD NO RECOGNIZED RIGHTS TO THESE ADDITIONAL PERMITS, AND THEY COULD HAVE BEEN ARBITRARILY CUT OFF. AGREEMENT, IN MELEGER'S VIEW, EFFECTIVELY RAISES BASE QUOTAS TO LEVEL OF ACTUAL 1976 SHIPMENTS.

KAISER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, STEELS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BUDAPE02242
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780233-1338
Format: TEL
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806104/aaaadlit.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ff6b147d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BUDAPEST 2162, 78 STATE 130051
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2150534
Secure: OPEN
Status: NATIVE
Subject: EC STEEL AGREEMENTS WITH EASTERN EUROPE
TAGS: EEWT, EIND, ETRD, HU, US, XH, EEC
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ff6b147d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014